

Message Text

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FOR S/P: LAKE AND AF: ASST SECY MOOSE

E.O. 11652: GDS

TAGS: ECON

SUBJ: FOREIGN ECONOMIC POLICY TOWARD AFRICA

REFC STATE 164983

1. WHILE I APPRECIATE BEING INCLUDED AS AN ADDRESSEE IN REFTEL, AND AS MATTER OF PRINCIPLE WELCOME AND APPLAUD THE STUDY, THERE IS, AS DEPT IS AWARE, NO AID PROGRAM FOR GABON, AND NO LIKELIHOOD THAT THERE WILL BE ANY FOR AS FAR AHEAD AS I CAN SEE SO LONG AS DEPARTMENT, AID/W, AND CONGRESS IMPOSE CERTAIN CONSTRAINTS ON TRANSFER OF RESOURCES THAT ARE NOT INCLUDED IN REFTEL. SPECIFICALLY, THESE ARE ARBITRARY DELIMITATION OF AVERAGE PER CAPITA GNP AS THE DETERMINING FACTOR OF WHETHER A COUNTRY CAN EVEN QUALIFY FOR MOST KINDS OF ASSISTANCE SHORT OF PAYING FOR IT ITSELF, AND MEMBERSHIP IN OPEC.

2. THIS IS PERHAPS NOT THE PLACE TO ARGUE THAT ARBITRARY RESTRICTIONS ARE NOT NECESSARILY EQUITABLE, BUT UNLESS DEPT'S INTEREST IN EXPANDING AID'S ACTIVITIES BY TRYING TO MAKE THE CONGRESSIONAL MANDATE MORE FLEXIBLE INCLUDES AN EFFORT TO MAKE ALL AFRICAN LDCS (AND GABON IS STILL CONFIDENTIAL

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VERY MUCH AN LDC) ELIGIBLE FOR THE FULL SPECTRUM OF US ASSISTANCE, I FEAR THAT ANY REPLY TO REFTEL FROM THIS POST THAT RELATES TO GABON CAN BE LITTLE MORE THAN OF ACADEMIC INTEREST. THUS FAR, I HAVE SEEN NO INDICATION THIS IS LIKELY TO HAPPEN; YET, INTER ALIA, IT IS NOT ENTIRELY CLEAR TO ME HOW WE MIGHT ENCOURAGE INCREASED REGIONAL COOPERATION IN VARIETY OF WAYS THROUGH US ASSISTANCE,

WITHOUT BEING WILLING TO HELP ALL COUNTRIES INVOLVED IN ANY GIVEN REGIONAL PROJECT.

3. FACT IS THAT AS DEPT IS AWARE, GABON DOES HAVE SEVERAL ECONOMIC PROBLEMS, IN SOME CASES DESPITE OR EVEN BECAUSE OF ITS RELATIVELY HIGH PER CAPITA GNP. INFLATION, SEVERE SHORT-TERM DEBT, LOW POPULATION, MALDISTRIBUTION OF WEALTH, LACK OF AGRICULTURE, DWINDLING OIL RESERVES, DEPRESSED WORLD MARKETS FOR ALL BUT ONE (URANIUM) OF ITS ACTUAL OR POTENTIAL MAJOR EXPORTS (MANGANESE, IRON ORE, OIL, AND TROPICAL HARDWOODS), AND LACK OF TRAINED MANPOWER AND MANAGERIAL EXPERTISE ARE THE PRINCIPAL ONES. THE DEBT PROBLEM IS OF GABON'S OWN MAKING, AND PRESUMABLY CAN EVENTUALLY BE RESOLVED THROUGH COMBINATION OF OUTSIDE HELP (AT A PRICE) AND GABON'S OWN EFFORTS. OTHERS ARE MORE DIFFICULT TO GET AT, AND PROBABLY CANNOT BE RESOLVED BY GABON ALONE, ALTHOUGH THIS IS OFTEN WHAT GABONESE ARE TOLD TO DO FROM ALL SIDES. NO ONE, FOR EXAMPLE, QUESTIONS GABON'S NEED FOR AN ADEQUATE AGRICULTURAL SECTOR IN THE ECONOMY, LEAST OF ALL GABONESE, WHICH, WERE IT TO EXIST, WOULD SERVE MANY PURPOSES, INCLUDING ATTACKING INFLATION, DECREASING HIGH COST IMPORTS, IMPROVING HEALTH STANDARDS AND CHECKING FLOW OF POPULATION TO CITIES. YET NATURE OF GABON'S GEOGRAPHY IS SUCH THAT FOR AGRICULTURE TO FLOURISH, AN EXPENSIVE TRANSPORTATION INFRASTRUCTURE WILL BE REQUIRED, SINCE ONLY REALLY SUITABLE LAND FOR AGRICUL-
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TURE IS WELL IN INTERIOR OR IN VIRTUALLY INACCESSIBLE SOUTH. GABON'S ANSWER IS TRANSGABON RAILWAY, WHICH IS CURRENTLY ESTIMATED AT DOLS EIGHT BILLION IN ALL ITS PHASES, AND WHICH FOR ALL INTENTS AND PURPOSES WILL BE SELF-FINANCED. AGRICULTURE CLEARLY BETTER SERVES IMMEDIATE BASIC HUMAN NEEDS, YET WITHOUT ENORMOUS EXPENDITURE ON INFRASTRUCTURE, GABON WILL HAVE DIFFICULT TIME DEVELOPING AN AGRICULTURAL SECTOR THAT WILL BENEFIT MUCH MORE THAN LOCAL AREAS WHERE IT CAN FLOURISH.

4. GABON IS PROUD OF ITS SUPPOSED ABILITY TO PAY ITS OWN WAY AND ASKS FOR RELATIVELY LITTLE. IT IS, HOWEVER, FACED WITH A KIND OF HOBSON'S CHOICE: WHATEVER IT DEVOTES TO RESOURCES FOR BASIC HUMAN NEEDS MUST BE SUBTRACTED FROM MAJOR INFRASTRUCTURE PROJECTS DESIGNED TO OPEN UP GABON'S RESOURCES, INCLUDING AGRICULTURE, DEVELOPMENT OF WHICH IN TURN WILL PROVIDE THE VERY MEANS FOR GABON TO RESOLVE ITS OWN HUMAN PROBLEMS. OUR PRESENT ANSWER, AND WE ARE NOT ALONE, IS TO SAY IN EFFECT THAT WHILE WHAT YOU APPEAR TO BE TRYING TO DO CORRESPONDS PRECISELY WITH AN IMPORTANT GOAL OF AMERICAN ECONOMIC ASSISTANCE AND WE KNOW YOU HAVE PROBLEMS, YOU HAVE PRICED YOURSELF OUT OF

THE MARKET EXCEPT IN SO FAR AS YOU CAN PAY FOR HELP YOURSELF. WE HAVE IN EFFECT SET LIMITS WHICH SAY TO THE DEVELOPING WORLD THAT ONCE THEY ARE ATTAINED, YOU ARE ON YOUR OWN. SHOULD YOU ENCOUNTER PROBLEMS THAT MAY INHIBIT FURTHER GROWTH, WE CAN'T HELP UNLESS YOU PAY FOR ASSISTANCE. THIS IS NOT NECESSARILY BAD IN ITSELF, AND IN LONG RUN IS INDEED DESIRABLE, BUT IT DOES DENY US THE FLEXIBILITY TO BE HELPFUL WHEN HARD TIMES COME AROUND, AS IS CASE IN GABON NOW. IT ALSO DENIES US THE ABILITY TO MAKE A GESTURE NOW AND THEN TO COUNTRIES SUCH AS GABON BY WAY OF APPRECIATION FOR POLITICAL SUPPORT AND FOR THEIR HELP IN SPECIFIC CASES OF DIRECT CONCERN TO US.

5. WE DO NOT SUGGEST THAT, AS A MATTER OF POLICY, SCARCE
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US RESOURCES SHOULD BE SIGNIFICANTLY DIVERTED FROM COUNTRIES FAR MORE NEEDY THAN GABON. WE DO SUGGEST THAT WE TAKE A HARD LOOK AT CURRENT ARBITRARY RESTRICTIONS THAT DENY US THE FLEXIBILITY TO HELP COUNTRIES SUCH AS GABON WHERE, DESPITE HIGH PER CAPITA GNP, MALDISTRIBUTION OF WEALTH IS VERY MARKED, AND URGE THAT THE DEPARTMENT'S STUDY OUTLINED REFTEL, INCLUDE THIS ASPECT AS WELL. IF THIS HURDLE COULD BE SURMOUNTED, WE WOULD THEN WANT TO SUBMIT SOME ADDITIONAL THOUGHTS WITH REGARD TO THE STUDY. UNTIL THEN, WE SHALL CONTINUE OUR EFFORTS IN SUPPORT OF PRIVATE AMERICAN COMPANIES.

6. SAO TOME REPRESENTS SPECIAL PROBLEMS. IT IS A TINY, TERRIBLY ISOLATED COUNTRY, DEPENDENT ENTIRELY UPON AGRICULTURE. IT IS PART OF NO ECONOMIC "REGION." US SUPPORT FOR SATISFACTORY COCOA AGREEMENT, ITS PRIMARY EXPORT, WOULD BE MOST HELPFUL, AND THERE ARE LIMITED POSSIBILITIES FOR DEVELOPMENT OF FISHING INDUSTRY AND FOR DIVERSIFICATION OF CROPS WHICH WOULD BE OF BENEFIT TO LOCAL INHABITANTS. BUT IF SAO TOME IS EVER REALLY TO JOIN MODERN WORLD, IT MUST OVERCOME ITS ISOLATION THROUGH VAST IMPROVEMENT IN ITS TRANSPORTATION AND COMMUNICATION NETWORKS. WORLD NEEDS TO KNOW THERE IS A SAO TOME AND SAO TOMEANS CONVERSELY NEED TO KNOW THERE IS A WORLD OUT THERE, INCLUDING ANOTHER ISLAND, PRINCIPE, THAT IS PART OF THEIR OWN COUNTRY AND WHICH IS NOW AS ISOLATED FROM SAO TOME AS SAO TOME IS FROM REST OF WORLD. CONSIDERATION OF INFRASTRUCTURE PROBLEMS WOULD BE MOST HELPFUL, BUT INFRASTRUCTURE OF A SPECIAL KIND. ROADS, FOR EXAMPLE, ARE NOT NEEDED. IMPROVEMENTS IN TRANSPORTATION (SHIPPING) AND COMMUNICATIONS FACILITIES ARE. STUDIES ON BEHALF OF MINI-STATES IN TERMS OF REGIONAL ECONOMIC ASSISTANCE WILL NOT BE PARTICULARLY USEFUL UNLESS MEANS ARE FOUND TO MAKE IT POSSIBLE FOR
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SAO TOME TO BE PHYSICALLY PART OF A REGION. MANPOWER
TRAINING IS ESSENTIAL. BUT IN FINAL ANALYSIS, IF WE WISH
TO BE TRULY HELPFUL TO SAO TOME, WE MUST HELP MAKE IT
POSSIBLE FOR THEM TO EARN SATISFACTORY FOREIGN EXCHANGE
THROUGH EXPORT OF COCOA AND PALM PRODUCTS, AND WE MUST
BE WILLING TO CONSIDER WITH IMAGINATION, INFRASTRUCTURE
REQUIREMENTS IN AREAS WE HAVE NOT NORMALLY BEEN INVOLVED
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